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paper money would turn the exchanges against the country." The theory associated with the name of Cassel "is nothing but an elaboration" of this fact.

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Sugar Supply and Prices. Report of the Federal Trade Commission, November 15, 1920. Government Printing Office. 1920. Pp. 205.

It is unfortunate that this report of the Federal Trade Commission was not published a few months earlier when public interest in the sugar situation was at its peak, and responsibility for the abnormally high prices and shortage of 1919-20 was laid, in turn, upon President Wilson, because in his solicitude for the League of Nations he had neglected the humbler task of authorizing the Sugar Equalization Board to purchase the Cuban crop of 1919-20; upon Professor F. W. Taussig for his minority report to President Wilson, advising against government control of the sugar business for 1920; upon Attorney-General Palmer for authorizing the maximum price of 17 cents for Louisiana sugar, which action, it was alleged, had excited the "cupidity of Cuban producers"; and upon other individuals and classes of humbler order and significance. It will be recalled that at this time even the Lusk Committee turned from profound research into the machinations of the "Reds" to investigation of the sugar situation.

By House Resolution of October 1, 1919, the Federal Trade Commission was directed—

to make an *immediate* investigation and report to the House of Representatives its findings on the subject of sugar used for domestic and manufacturing purposes, both as to its market price, wholesale and retail, and whether these prices are reasonable; and the amount of sugar now in the United States, both raw and refined, in the possession of sugar refiners, wholesale dealers, or in storage; said investigation to involve a report of supplies in the possessions of the United States, raw and refined, and the causes of the present sugar *scarcity*.

Here economists and statisticians have the startling exhibit that the much maligned "long run tendency" in economic life, though grinding slowly, grinds more rapidly than the statistical or economic investigator. For by the time the Commission was enabled to issue its report* in response to the above resolution, the record-breaking high price of sugar in the United States had attracted imports from all parts of the globe, and with supplies far in excess of demand the sugar market was in a state demanding an investigation into the causes of the sugar "glut," not scarcity, and a study of the technique of the moratorium, such as had been declared in Cuba, and other devices to prevent wholesale ruin to sugar producers, refiners, and dealers could logically have been substituted for the inquiry into the reasonableness of prices.

Although the original function of the investigation was not, therefore, fulfilled, the Commission has rendered a valuable service in thus compiling from many sources and arranging in compact and logical form all the significant economic and statistical data bearing on conditions in the production and distribution of sugar during the summer of 1919 and the first part of 1920, a period of unusual

* Dated November 15, 1920.

interest because it marks the transition from government control of the sugar trade to ordinary competitive conditions, a rapid shift from stabilization to inflation and then deflation.

In the first chapter there is an admirable section giving accurate definitions of the statistical units hitherto employed carelessly in the trade and in government publications. Statisticians and all others who have had or will have occasion to deal with sugar statistics will be grateful for these few pages. In the second chapter there is presented a careful and ably interpreted statistical and economic history of supply and demand conditions in 1919 and the first part of 1920, explaining "*inter alia*" the various factors leading to the shortage of 1919, the measures taken by the Sugar Board and the Food Administration to relieve the shortage, the activities of speculators and the development of that rather curious practice of "*refining on toll*" whereby refiners protected themselves against rapid price fluctuations in raw sugar. Chapter III treats of the prices prevailing in the period under consideration for nearly all branches of the sugar trade: the beet sugar producers, the Louisiana cane producers, the refiners, and the distributors. "Evidence on the reasonableness of sugar prices, in so far as costs, investments, and profits are determining factors" was not presented because sufficient data had not been secured on these matters by the Commission. Chapter IV gives the history of the policy of the government in relation to the 1919-20 Cuban crop, which has become generally familiar through considerable discussion in the press. A series of exhibits is appended, including the contracts between producers and various government agencies, statistical statements, etc.

The statistical material embodied in the report is derived in general from three sources, the Statistical Department of the United States Sugar Equalization Board, the sugar trade journals, and the investigations of stocks, sales, and purchases of distributors, conducted by the Commission itself. By combining the last-mentioned material with the published sugar statistics of the Sugar Equalization Board, the data in the Food Surveys of the Department of Agriculture, and the cost studies of sugar production and refining of the Tariff Commission, the investigator will find a statistical record of the operations of one large industry unique in the completeness of the material available for the period covered.

The Commission has drawn some definite conclusions from the investigation made. It has found that "the price of sugar was kept comparatively low during the war and throughout 1919 for most of the 1918-19 crop." Secondly, it found that "while there is no doubt that expressions of public opinion were generally opposed to such a policy, the facts as since revealed present a strong argument that the continuation of government control, at least until more stable trade conditions were reached, would have been helpful." It recommends, therefore, that "at least portions of the food-control act be enacted into permanent law for the purpose of preventing unreasonable storing, acquiring, accumulating, and hoarding of food, fuel, and other necessities of life." As a means for making these provisions of the food-control act effective, the Commission recommends that power be given some government agency to obtain current information on production, stocks, costs, etc.

It is not for the humble reviewer to discuss the wisdom or soundness of these

conclusions and recommendations. A word may be said, however, on the conclusion that "continuation of government control . . . would have been helpful." If the Cuban 1919-20 crop had been purchased by a government agency such as the Sugar Board at $6\frac{1}{2}$ cents, ultimate return to normal market conditions would unquestionably have been delayed for another year and Cuban raw sugar would not now be selling at slightly over two cents per pound f.o.b. Cuba. At this late date it seems reasonably clear that it was just as well that we took our medicine in 1919 and now have the readjustment over with, once for all, although there was no necessity for much of the "economic friction" suffered in the process. What was required was not another period of government control but the early formulation of a definite government policy in 1919 as to the mechanism of the control. Under the conditions prevailing in 1919 the Executive was so overwhelmed with grave responsibilities that he could not give sufficient attention to the sugar situation. As for Congress, the slow process of national legislation with its hearings and "filibusters" could not meet the requirements of a business situation. Consequently the sugar trade was kept in a state of suspense for over six months. The experience with government control of sugar has thus given added proof that simplification and reorganization of the machinery of government must precede any increase in its sphere of activity.

There is warrant for justifiable criticism of the report for the inclusion of much material, especially among the exhibits, that is already available in other government documents. Thus, for example, the war-time contracts between sugar producers and the government agencies have already been printed in the annual reports of the Food Administration, in Senate and House Hearings on Sugar, in the sugar trade journals, etc. Such duplication of printing should be avoided wherever possible. A little of the \$17,359.80* expended for this inquiry might have been saved thereby.

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An Index of the Physical Volume of Production. By Edmund E. Day. Reprinted from the *Review of Economic Statistics*, September, 1920-January, 1921. Cambridge. 1921. Pp. 70.

Professor Day finds that "economic events of recent years have emphasized the need of an index of the physical volume of production." These events are the rise of prices since 1897, the lack of information as to "overproduction" or "underproduction," and the growth of an opinion that only an increase in physical units of goods and services indicates an improvement in economic condition. Consequently, on all accounts, a measure of the social product by units of volume is called for. "Almost no endeavor" has been thus far made to create such an index, and therefore Professor Day undertakes the task.

In attacking the problem before him Professor Day's first work is to pass in review the material available for use. He sketches data relating to the output

* As reported in the House Hearings on the Sunday Civil Appropriation Bill, 1922. Government Printing Office, 1921. P. 512.